

IL-601 Medical Care Savings Account Penalty Payment

What is the purpose of this form?

The purpose of this form is to provide an administrator of a Medical Care Savings Account a means to calculate and pay any penalty that an employee may owe when money is withdrawn from this account and the money is not eligible for withdrawal under the provisions of the Medical Care Savings Account Act.

Who must file?

The administrator must file and pay a penalty on behalf of an employee who withdraws money from this account and the money is not used to pay eligible medical expenses.

What are eligible medical expenses?

Eligible medical expenses include

- expenses for medical care of the employee, their spouse, or their dependents as described under Section 213(d) of the Internal Revenue Code; **and**
- expenses incurred to purchase a health coverage insurance policy, certificate, or contract if the employee does not already have health insurance coverage.

However, medical expenses of the employee, spouse, or dependents are **not eligible** under this act when covered by another insurance policy. These policies include and are not limited to: automobile insurance, worker's compensation insurance, self-insured insurance, or another health coverage insurance policy, certificate, or contract.

When will a penalty be assessed?

A penalty will be assessed when an employee withdraws money from a Medical Care Savings Account on any day other than the last business day of the account administrator's business year and uses the money for purposes other than those described under "What are eligible medical expenses?"

Note When an employee withdraws money from this account and that withdrawal is assessed a penalty, the withdrawal plus any interest earned on the account is considered income in the year of the withdrawal and must be included on the employee's Form IL-1040, Individual Income Tax return.

IL-601 (N-9/96)

When will a penalty not be assessed?

A penalty will not be assessed when an administrator reimburses an employee for eligible medical expenses or when

- the employee withdraws money on the last business day of the account administrator's business year; **or**
- the employer mails a check to the former employee for the balance of their account.

Note In these last two instances, money withdrawn may be used by the employee for any reason without being assessed a penalty. However, this amount must be included as income in the year of the withdrawal on the employee's Form IL-1040.

How much penalty will be assessed?

A penalty of 10 percent will be assessed on the amount of the employee's withdrawal.

Where to file?

Mail Form IL-601 to: Document Control and Deposit Manager, Illinois Department of Revenue, P.O. Box 19014, Springfield, Illinois 62794-9014. Make your check or money order payable to: "Illinois Department of Revenue."

Medical Care Savings Account Penalty Worksheet

1 Write the amount of the employee's withdrawal 1 \$ _____

2 Multiply Line 1 by 10% (.10).
This is the amount of the employee's penalty. 2 \$ _____

Write the amount from Line 2 on the payment voucher below and forward with a check or money order to the Illinois Department of Revenue.

Return only the bottom portion with your payment.



 Illinois Department of Revenue

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Employee's Social Security number Year of withdrawal

Employee's first name & initial Employee's last name

Employee's street address

Employee's city State ZIP

➔ \$ _____
Penalty payment amount

Company's name

Company's street address

Company's city State ZIP

Make check or money order payable to: "Illinois Department of Revenue."

Mail to:



DOCUMENT CONTROL AND DEPOSIT MANAGER
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19014
SPRINGFIELD IL 62794-9014

Account Administrator's name